



state senator  
**Beverly Gard**

2006 LEGISLATIVE UPDATE

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# CLEAN INDIANA ENERGY

## LEGISLATION ADVANCES ALTERNATIVE FUEL PRODUCTION

In the 2005 legislative session, our Clean Indiana Energy bill put Indiana at the forefront as a leader in new fuel technology. Currently, six ethanol plants have broken ground in Indiana with another 18 on the drawing board. It was recently announced that the world's largest biofuels manufacturing plant will locate in Claypool, Ind.

Other states are starting to see the benefits of investing in alternative fuels. Clean Indiana Energy II, Senate Enrolled Act 353, ensures Indiana remains a leader in this area.

SEA 353 establishes a \$50 million tax credit, up from \$20 million, for new ethanol and/or biodiesel production facilities. Ethanol production plants cost approximately \$79 million or more to build, and the companies don't receive tax breaks until they are making a profit in our state.

Ethanol and biodiesel production has a very positive impact on Indiana farmers. Indiana is

the fifth largest state in corn production and fourth largest in soybeans. These are the two key dynamics associated with ethanol/biodiesel production. Currently, Indiana sends nearly 50 percent of corn and soybean productions out of state with no values added. This is the least profitable form of sale for farmers. It is estimated that farmers contracting with ethanol or biodiesel plants will gain an additional 5 cents to 10 cents per bushel.

SEA 353 also establishes a retail tax credit of 10 cents per gallon of E85 fuel sold to consumers, up to a maximum of \$2 million over the next two years. If retailers reach the maximum credit, then Indiana will have sold over 20 million gallons of E85 in two years.

Indiana is leading the nation with the highest number of E85 fueling stations. Our goal is to double our current numbers for a total of 40 E85 fueling stations in the state of Indiana at the end of 2006.

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# SENATOR BEVERLY GARD

serving district 28: Hamilton, Hancock and Henry counties

## 2006 LEGISLATIVE UPDATE

### MEANINGFUL PROPERTY TAX RELIEF FALLS SHORT — AGAIN!

Across the state, taxpayers want to decrease local governments' reliance on property taxes. Again, meaningful, permanent relief has eluded the taxpayers. In order to eliminate more than \$5 billion in revenue, we must find a new source of funding. This year, the Senate came up with a plan that would lower property taxes and replace that lost revenue with a more equitable tax. Unfortunately, the House of Representatives failed to consider the Senate plan so it did not become law.

Statistics show that Indiana ranks among the worst in the nation in reliance on property taxes to fund local government. Indiana funds 89 percent of local government with property taxes. The national average is 78 percent and falling. That makes Indiana the 15th worst property tax state in the nation.

Also, Indiana is 14th worst in the nation in reliance upon property taxes in relation to sales and income tax. Property taxes provide 37.2 percent of income from "the big three" compared to national average of 32.4 percent and falling.

**"I am pleased that we were able to help Hoosiers, but I am disappointed that long-term relief ultimately did not survive the 2006 legislative session."**

Property taxes, which are levied and collected by local - not state - government, fund local entities such as schools, local governments, libraries, and fire departments. It's no secret that the property tax is often unfair. It affects seniors, small business owners and farmers more than it affects people who can afford to pay the tax. The Senate plan to permanently lower property taxes replaces a portion of the unfair property tax with a more equitable income tax.

Instead of passing this long-term relief, the General Assembly this year approved \$100 million in immediate relief. This money will lower property tax increases this year slightly,

giving some taxpayers a quick break. I am very disappointed that long-term relief did not happen.

HEA 1001 does, however, set the stage for a long-term solution to high property tax bills. The new law states that by 2010 property taxes must be capped at 2 percent of assessed value. In order to replace any revenue that could be lost as a result of this move, the General Assembly in future years will have to find a permanent way to replace property tax revenue.

Items in this bill also served to strengthen citizens' rights to remonstrate against pricey construction projects that would drive property tax increases. The new law bars people from forcing others to support one side and provides a way for officials to verify signatures on petitions.

HEA 1001 aids property taxpayers, but is also a pro-business law. The legislation phases in a single sales factor tax by 2011. This means payroll and property factors will no longer be used in figuring corporate taxes. With a single sales factor, businesses will no longer be penalized for owning property or having large payrolls in Indiana.

The Senate solution or a similar one, along with spending constraints, would provide real, tangible, long-term property tax relief to Hoosiers. I look forward to supporting a similar plan in the future.

### STAY CONNECTED TO THE INDIANA GENERAL ASSEMBLY



Visit my legislative web site at [www.in.gov/s28](http://www.in.gov/s28) and read news releases, read about new laws, or contact me by e-mail.

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### SENATE DISTRICT 28 TO RECEIVE \$7 MILLION FROM MAJOR MOVES

The size of the Indiana Toll Road lease allowed \$150 million to be distributed to counties for local projects based on a formula similar to the fuel tax distribution formula. Counties in District 28 will receive the following:

- Hamilton County \$4,112,379
- Hancock County \$1,382,325
- Henry County \$1,474,740



## Gard Bills Assist Juries, Non-smokers

Current jury exemptions are discriminatory, arbitrary, and unfair. There are several unwarranted exemptions including a licensed dentist or veterinarian, a person over 65, or a ferryboat captain. This year, I authored a bill to remove these exceptions so that every citizen can fulfill the civic duty of serving on a jury. These changes will also make juries more representative of the entire population, therefore creating a more fair court system.

This bill also has several other important provisions concerning juries and jury duty. SEA 232 allows a person summoned for jury duty to delay serving for up to one year. The prospective juror must select an alternate date to serve at the time of the deferral, and the deferral must be necessary due to hardship, extreme inconvenience, or necessity.

SEA 232 protects employees who are serving jury duty from adverse actions by their employers. The bill has a provision that prevents employers from taking any negative action against employees who must serve jury duty as long as the employer is given reasonable notice. The employer may not require a person summoned for duty to use vacation or sick days to make up for the absence.

I was also successful in passing the provisions of SB 117 in HB 1420 that provide incentives for Hoosiers to reframe from tobacco use. Under the provisions of both bills, employers can offer incentives with respect to health care benefits for non-smokers. This could come in the form of lower co-pays or discounted premiums.

A quarter of all Hoosiers smoke, and that drives up insurance costs. In Indiana \$1.91 billion in annual health care costs are directly caused by smoking. The state's Medicaid program covers about \$448 million. That means the tax burden from smoking-caused government expenditures is \$552 per household.

About 9,700 Hoosiers die each year from smoking. Every year, more and more people realize the dangers of smoking and find a way to quit. I hope this bill encourages more people to do so.

## A Busy Short Session

### Many bills passed in 10-week session

Legislative sessions in even-numbered years are known as the "short session" because they are several weeks shorter than budget years. This year, however, there was an unusual amount of major legislation:

#### EMINENT DOMAIN

The right to own property is fundamental to the American way of life. In fact, at the time the Declaration of Independence was issued, many Americans listed such basic God-given human rights as "life, liberty and property."

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In *Kelo v. City of New London*, the court said that government may "take" private property for economic development.

The General Assembly responded by passing a law restricting the use of eminent domain. The new law requires the reason for using eminent domain be something that benefits the public. Thus, eminent domain can be used for a legitimate government purpose, but not simply to increase a local government's tax base.

The new law does several other things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time; requiring just compensation for Hoosier property owners; and mandating good-faith negotiations between the condemner and the property owner.

#### REVERSE 911

In an effort to provide Hoosiers with a more effective emergency notification system, Senate Enrolled Act 283 creates an emergency telephone notification system intended to warn Hoosiers of impending emergencies.

Better known as "Reverse 911," this automated system calls households and provides residents with a recorded message, notifying them of vital information regarding weather conditions or other emergencies. The recording will inform those in harm's way of what to do, expect or look for. The system will be able to target populations within specific geographic locations. For instance, in the case of a tornado, the system will call households only in the line of the storm.

The Reverse 911 system is also effective in



**Senator Gard celebrates Heart Health Awareness Day with Senators Ford and Lawson.**

assisting emergency dispatchers in locating individuals who need assistance. In certain instances, callers may not be able to notify, or be willing to inform dispatchers of their location.

#### DRUNK DRIVING

Each year, 40,000 Hoosiers are arrested for driving while intoxicated according to the Indiana Department of Criminal Justice. The Indiana General Assembly is joining with other state efforts to reduce the amount of drunk driving in Indiana.

Senate Enrolled Act 145 allows the seizure of a person's vehicle if they had at least two prior convictions of driving while intoxicated and commit a violation of the law while driving. However, a vehicle may not be seized if it does not rightfully belong to the driver.

Repeat offenders are involved in a major segment of drunk driving arrests; nearly half of the people arrested for drunk driving are repeat offenders, according to the AAA Foundation for Traffic Safety. Arrests and suspended licenses are not enough to stop the repeat offender; nearly two thirds of people with suspended licenses still drive, according to the AAA Foundation.

## GENERAL ASSEMBLY PASSES MAJOR MOVES, THE JOBS BILL OF A GENERATION

For years, Indiana has habitually approved almost any road project that is requested with a promise that it will get done "eventually." This resulted in \$2.8 billion of unfunded road projects across the state. With the passage of Major Moves, House Enrolled Act 1008, the General Assembly ensured the state's 10-year road plan will be funded, the Interstate 69 extension will get started, future generations will have money for roads and thousands of jobs will be created across the state.

The crux of the plan — leasing the Indiana Toll Road to private investors — drew attention, praise and criticism in the 10-week legislative session, but in the end, I believe the benefits of the deal outweighed any negatives that were mentioned.

The lease that was ratified through HEA 1008 was a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian consortium that operates toll roads all over the world. Supported by business leaders and unions alike, the lease and the interest it accrues will pay for the state's road projects, creating — according to some estimates — more than 130,000 jobs. An additional \$150 million will be distributed to counties for local road projects.

In exchange for an up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. The consortium has also agreed to make improvements to the road — estimated at \$4.4 billion — and fund 25 additional State Troopers and a new state police post along the Interstate. The lease agreement dictates that SMP must meet federal standards on items such as traffic flow and snow removal. Indiana also listed its own requirements for issues such as filling pot holes, removing dead animals, and taking care of other hazards.

In addition to the toll road, HEA 1008 also addresses another major



**Senator Gard discusses a bill with Senator David Long.**

road: Interstate 69. The old timeline for extending I-69 from Indianapolis to Evansville had construction beginning in 2017. That is simply unworkable. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and be completed by 2018. Under the plan, the governor could enter into a Public-Private Partnership (P3) to help build I-69 from Evansville to Martinsville as a toll road. However, tolls from Martinsville to Indianapolis must be approved by the legislature. Additionally, if the administration wants the north end of the road to remain in Perry Township in Indianapolis, the General Assembly must also give approval.

Another important part of the deal is a \$500 million Next Generation Trust Fund. Every five years, the state will take the interest the trust fund accrues and use it for construction. The initial \$500 million, however, will be protected and not spent.

As Governor Mitch Daniels has said, a top-tier economy requires a top-tier infrastructure. I am proud to say I supported Major Moves.

## Telecom Law Could Save Money on Cable Bills

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the legislature made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana will see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price.

**Statewide Video Franchising** - Following

the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known as statewide video franchising, this process will result in more video competition and lower prices for consumers.

HEA 1279 will eliminate the current virtual monopoly of cable providers and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

**Telephone deregulation** - A recent survey of CEOs in Site Selection Magazine showed

that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009.

To aid low-income Hoosiers, HEA 1279 establishes the Indiana "Life Line" program that provides discounted telephone rates to Hoosiers below 150 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

Independent think-tank FreedomWorks has said HEA 1279 will create 20,000 new jobs and \$7 billion in investment in Indiana.



**Senator Gard visits with three of her pages.**